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THE CLOSED SYSTEM

i)	List of Prospectus Exemptions and Resale Restrictions	1
ii)	Excerpt from Emerson, "Business Finance Under the 'Closed System' of the Ontario Securities Act: Statutory Scheme and Pitfalls", <u>Corporate Law in the 1980's, Special Lectures of the Law Society of Upper Canada</u> , 1982, pgs. 30 - 101	3
iii)	Lastman, "Small Business's Search for Sources of Capital", The Financial Post, June 8, 1996	46
iv)	Excerpt from Alboini, <u>Securities Law and Practice</u> , 1987, pg. 16-21 (Sample Contractual Right of Action)	47
v)	Excerpt from Drinkwater, Orr and Sorell, "Essential Statutory Concepts" <u>Private Placements in Canada</u> , (Carswell) 1985,	48
vi)	<u>Securities and Exchange Commission v. Ralston Purina Co.</u> (1953) 346 U.S. 119	70
vii)	<u>R. v. Pipegrass</u> (1960) 23 D.L.R. (2d) 220 (Alta.C.A.)	79
viii)	<u>Jones v. F.H. Deacon Hodgson Inc.</u> (1986) 56 O.R. (2d) 540	89



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THE CLOSED SYSTEM

Manner of Acquisition of Security	Resale Restriction
1. Prospectus	None (unless control block)
2. Exemptions in Act	
72(1)a - institutional and government purchasers	72(4)
72(a)b - isolated trades	72(4)
72(1)c - exempt purchasers	72(4)
72(1)d - private placement	72(4)
72(1)e - pledge of control block	72(7)
72(1)f(i) & (ii) - stock dividend and reorganization	72(5)
72(1)f(iii) - convertible securities	72(4) or 72(5) (see Reg. 23(a))
72(1)g - dividends in kind	NONE
72(1)h - rights offering	72(5)
72(1)i - amalgamations and mergers	72(5)
72(1)j - securities exchange take-over bids	72(5) or Reg. 17a
72(1)k - exempt take-over bids	72(5)
72(1)l - purchase of assets	72(4)
72(1)m - purchase of mining claims	72(4)
72(1)n - employees	72(5)
72(1)o - incorporators	72(6) or Reg. 17b
72(1)p - seed capital	72(4) or Reg. 14d
72(1)q - between dealer trades	72(4)
72(1)r - underwriters	72(6)
72(1)s - commodity hedgers	NONE
73 - exempt securities	NONE (except 72(5) in case of securities of a former private company)

Manner of Acquisition of Security	Resale Restriction
3. Exemptions in Regulations	
14(a) - variable insurance contracts	NONE
14(b) - control block purchases and redemptions	1(1) "distribution"
14(c) - promoters	72(4)/72(7)
14(d) - certain mutual funds	NONE
14(e) - seed capital securities and government incentive securities within purchasing group	72(4)
14(f) - dividend reinvestment plans	72(5)
14(g) - government incentive securities	72(4) or Reg. 14f
14(h) - certain mutual funds	Reg. 23(2)
17(a) - securities exchange takeover bid	NONE
17(b) - promoters	72(7)